

STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Jim Gibbons, Governor

Allen Biaggi, Director

Leo M. Drozdoff, P.E., Administrator

July 6, 2009

Mr. John Carpenter
PO Box 190
Elko, NV 89803

Dear Mr. Carpenter:

Bruce Scott, Chairman, Board for Financing Water Projects, requested that I provide you with a summary of outstanding items that the Metropolis Water Irrigation District (District) needs to provide prior to applying for grant funding for the construction of the replacement dam on Bishop Creek.

The grant approved for the District in January 2006 included funding for the engineering design and permitting of the new Bishop Creek Dam. In May 2009, we received a copy of the design drawings and specifications, bid documents, and a baseline report on the Metropolis Irrigation Restoration Project. In general, the items that we consider outstanding at this point include:

- o Dam Permit from the Division of Water Resources
- o Permits, easements, rights-of-way, etc., as required by the BLM for removal of the old dam, construction of the new dam and construction of the recreation facilities
- o Flow gauges on the inlets and outlet of the reservoir for monitoring purposes
- o Obtaining of match funding for the construction of the dam and funding for construction of the recreation facilities
- o Demonstration of a revenue source to cover operation and maintenance
- o Demonstration of a revenue source to cover some capital replacement set aside
- o Commitment of water rights or other mechanism to assure a minimum pool for the creation of a reservoir that may be used for recreation (boating, fishing, etc.)
- o An entity committed to operating/overseeing the recreation facility and fee collection

The Letter of Intent submitted to the state grant program showed benefits to the District and to the citizens of Elko County and Nevada in general. Those benefits to the county, city, and citizens are realized through the recreational aspects of the project as proposed. There are other funders (e.g., NDOW) who are working with the District to provide funding for some of the recreation facilities; however, that funding also requires a match and it cannot come from this program's grant money. The users within the irrigation district are small in number and have a limited amount of funds to contribute to the project and on-going operations; therefore, the District may need to rely on revenue sharing from the recreation facilities provided by this project



John Carpenter

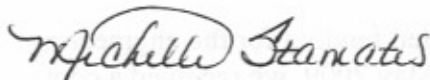
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There has been discussion over the possibility of an increase in flow since the earthquake in 2008; however, the subsurface hydrology can be difficult to predict. Some geologists and hydrogeologist I've spoken with think this increase may be due to only a finite lens of water that the shift in the earth structure is releasing from storage and that the flows could diminish at any time. Since the gauges have not, yet, been installed and there is no history of the flows into and out of the reservoir, it is a guess as to how much water is flowing today, and future flows are equally as hard to predict. The water rights in this region are all part of the Humboldt and Edwards Decrees, and our Board does not have a say in how the State Engineer or the courts will view the suggestion of additional flow in that area and who is entitled to it.

The correspondence for this project is available electronically on our website at <http://ndep.nv.gov/bffwp/metropolis.htm>. Other programmatic information is available on our website at <http://ndep.nv.gov/bffwp/bffwp.htm>. If I can help with other information, please do not hesitate to contact me at (775) 687-9331.

Sincerely,



Michelle Stamates

2 enclosures

cc: Bruce Scott, Chairman, Board for Financing Water Projects